

House of Assembly

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Clerk House of Assembly

Opinion

I have audited the financial report of the House of Assembly for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the House of Assembly as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Clerk, House of Assembly and the Chief Finance Officer, Joint Parliamentary Service.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of House of Assembly. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Clerk of the House of Assembly for the financial report

The Clerk of the House of Assembly is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the House of Assembly for the financial year ended 30 June 2020.

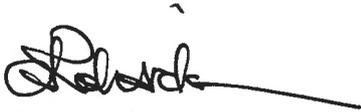
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the House of Assembly internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Clerk of the House of Assembly
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Clerk of the House of Assembly about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal line extending to the right.

Andrew Richardson

Auditor-General

15 September 2020

**House of Assembly
Financial Statements**

30 June 2020

House of Assembly

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Appropriations	4.1	16,661	17,476
Other income		103	45
Total income		16,764	17,521
Expenses			
Employee benefits expenses	2.2	2,811	3,074
Members' salaries and allowances	2.3	10,946	10,626
Supplies and services	3.1	2,146	1,897
Depreciation and amorisation	3.2	88	93
Assets provided for nil consideration to the Joint Parliamentary Service	5.1	733	576
Total expenses		16,724	16,266
Net result		40	1,255
Total comprehensive result		40	1,255

The accompanying notes form part of these financial statements.

House of Assembly

Financial Statements

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	5,022	5,697
Receivables	6.2	123	88
Total current assets		5,145	5,785
Non-current assets			
Property, plant and equipment	5.1	2,427	1,807
Total non-current assets		2,427	1,807
Total assets		7,572	7,592
Current liabilities			
Payables	7.1	202	233
Employee benefits	2.4	391	428
Provisions	7.2	5	5
Total current liabilities		598	666
Non-current liabilities			
Payables	7.1	97	95
Employee benefits	2.4	948	945
Provisions	7.2	10	7
Total non-current liabilities		1,055	1,047
Total liabilities		1,653	1,713
Net assets		5,919	5,879
Equity			
Retained earnings	8.1	5,868	5,828
Asset revaluation surplus	8.1	51	51
Total equity		5,919	5,879
Unrecognised contractual commitments	10.1		

The accompanying notes form part of these financial statements.

House of Assembly

Financial Statements

Statement of Changes in Equity For the year ended 30 June 2020

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2018		51	4,573	4,624
Net result for 2018-19		-	1,255	1,255
Total comprehensive result for 2018-19		-	1,255	1,255
Balance at 30 June 2019		51	5,828	5,879
Net result for 2019-20		-	40	40
Total comprehensive result for 2019-20		-	40	40
Balance at 30 June 2020		51	5,868	5,919

The accompanying notes form part of these financial statements.

House of Assembly

Financial Statements

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Appropriations		18,655	18,672
GST recovered from the ATO		205	341
Other receipts		111	51
Cash generated from operations		<u>18,971</u>	<u>19,064</u>
Cash outflows			
Employee benefits payments		(2,841)	(2,830)
Members' salaries allowances and superannuation		(10,946)	(10,626)
Payments for supplies and services		(2,422)	(2,180)
Return of appropriations - cash alignment policy		(1,995)	(1,196)
Payments for paid parental leave scheme		-	(7)
Cash used in operations		<u>(18,204)</u>	<u>(16,839)</u>
Net cash provided by operating activities	8.2	<u>767</u>	<u>2,225</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1,442)	(1,238)
Net cash used in investing activities		<u>(1,442)</u>	<u>(1,238)</u>
Net (decrease)/increase in cash and cash equivalents		(675)	987
Cash and cash equivalents at 1 July		5,697	4,710
Cash and cash equivalents at 30 June	6.1	<u>5,022</u>	<u>5,697</u>

The accompanying notes form part of these financial statements.

House of Assembly

Financial Statements

1. About the House of Assembly

The House of Assembly is a not-for-profit entity and is established pursuant to the *Constitution Act 1934*.

The House of Assembly consists of forty-seven Members elected by the inhabitants of the State legally qualified to vote.

The House of Assembly does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the House of Assembly.

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

1.2 Objectives

The House of Assembly, together with the Legislative Council, constitute the Parliament of South Australia. The principal purpose of Parliament is to legislate for peace, order and responsible governance of South Australia.

1.3 COVID-19 pandemic

With the advent of the COVID-19 pandemic, the House of Assembly instituted a dynamic plan to ensure business continuity and minimal impact. This included a reduction of access to Parliament House, education and some staff working remotely.

2. Employees

The House of Assembly employs clerical and administrative officers to deliver its goals.

2.1 Key management personnel

Key management personnel of the House of Assembly include the Clerk and the Deputy Clerk. Total compensation for key management personnel was \$403,000 in 2019-20 and \$394,000 in 2018-19.

House of Assembly

Financial Statements

2.2 Employee benefits expenses	2020	2019
	\$'000	\$'000
Salaries and wages	2,399	2,661
Superannuation	256	244
Employee benefits - on-costs	133	158
Workers compensation	23	11
Total employee benefits expenses	2,811	3,074

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the House of Assembly's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration	2020	2019
	No	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154,001 – \$174,000	-	1
\$174,001 – \$194,000	1	-
\$214,001 – \$234,000	1	1
Total	2	2

The total remuneration received by those employees for the year was \$403,000 (2019 \$394,000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

2.3 Members' salaries and allowances	2020	2019
	\$'000	\$'000
Members' salaries and electorate allowances	9,475	9,170
On-costs - superannuation	1,402	1,387
On-costs - other	69	69
Total members' salaries and allowances	10,946	10,626

Members' salaries, electorate allowances and additional salaries of \$9.5 million (2019 \$9.2 million) reflected in these financial statements are paid from Appropriations provided under the *Parliamentary Remuneration Act 1990* and the *Parliamentary Committees (Miscellaneous) Act 1991*. Ministers' salaries and allowances totalling \$3.8 million (2019 \$3.4 million) and superannuation of \$612,000 (2019 \$597,000) are not reported in these financial statements but in the financial statements of each Minister's respective Department.

Under the Parliament Remuneration Act 1990, Members of Parliament have an option to a motor vehicle for private use in lieu of their remuneration. Members lease the vehicles from Fleet SA through the Department of Treasury and Finance (Electorate Services). There is no added cost to the House of Assembly due to this scheme, as payments for the vehicles are made out of Members' remuneration packages disclosed above.

House of Assembly

Financial Statements

2.4 Employee benefits - liability	2020	2019
	\$'000	\$'000
Current		
Annual leave	208	181
Long service leave	101	173
Skills and experience retention leave	20	21
Accrued salaries and wages	62	53
Total current employee benefits	391	428
Non-current		
Long service leave	798	816
Annual leave	150	129
Total non-current employee benefits	948	945
Total employee benefits	1,339	1,373

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

House of Assembly

Financial Statements

3. Expenses

Employee benefits expenses and Members' salaries and allowances are disclosed in notes 2.2 and 2.3, respectively.

3.1 Supplies and services

	2020	2019
	\$'000	\$'000
<i>Supplies and services - Members of Parliament</i>		
Country members accommodation	265	278
Fringe benefits tax	145	70
Printing stationary and publications	131	122
Ex-members allowances	101	46
Travelling expenses	52	45
Other	2	9
Total supplies and services - Members of Parliament	696	570
<i>Supplies and services - other</i>		
Accommodation	118	142
Information technology	392	169
Printing stationary and publications	329	405
Security	217	214
Commonwealth Parliamentary Association	77	13
Minor works and equipment	55	11
Records & Artwork Management	22	14
Travelling expenses	53	70
Fringe benefits tax	34	44
Souvenirs	20	1
Subscription television	15	15
Advertisements	13	34
Community engagement	12	1
Uniforms and allowances	12	15
Staff training and development	10	17
Vehicle hire	9	10
Repairs and maintenance	6	78
Agency staff hire	5	27
Other	51	47
Total supplies and services - other	1,450	1,327
Total supplies and services	2,146	1,897

Supplies and services to Members of Parliament

Members of Parliament are able to access the country members' accommodation allowance, determined by the Remuneration Tribunal of South Australia. The South Australian Government Cabinet approves the various travel entitlements and the stationary allowance provided to Members. Former Members of Parliament are entitled to an allowance for rail travel, as approved by the Executive Council.

House of Assembly

Financial Statements

Accommodation

Some of the House of Assembly's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

In prior years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification is set out in note 1.1.

3.2 Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Plant and equipment	4	6
Fixtures and fittings	25	24
Computer equipment	59	63
Total depreciation and amortisation	88	93

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are review and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

Depreciation is calculated on a straight line basis. Property, plant and equipment depreciation are calculated over the estimated useful life as follows:

Class of asset	Useful life
Plant and equipment	5 - 30 years
Fixtures and fittings (non-antique)	5 - 10 years
Computer equipment	3 - 10 years

The majority of fixtures and fittings are antiques, they are anticipated to have a very long and indeterminate useful life.

Works of art controlled by the House of Assembly are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised during the reporting period for this class of asset.

House of Assembly

Financial Statements

4. Income

4.1 Appropriations

	2020	2019
	\$'000	\$'000
Appropriations from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	7,790	7,637
Appropriations received under the <i>Parliamentary Remuneration Act 1990</i> and the <i>Parliamentary Committees (Miscellaneous) Act 1991</i>	10,866	11,035
Total appropriations from SA Government	<u>18,656</u>	<u>18,672</u>
Payments to SA Government		
Return of cash to Consolidated Account - cash alignment policy	1,995	1,196
Total payments to SA Government	<u>1,995</u>	<u>1,196</u>
Net appropriations from SA Government	<u><u>16,661</u></u>	<u><u>17,476</u></u>

Appropriations

Appropriations are recognised on receipt.

5. Non-financial assets

5.1 Property, plant and equipment

	2020	2019
	\$'000	\$'000
Plant and equipment		
At cost (deemed fair value)	184	184
Less: Accumulated depreciation	(175)	(170)
Total plant and equipment	<u>9</u>	<u>14</u>
Fixtures and fittings		
At cost (deemed fair value)	512	489
Less: Accumulated depreciation	(251)	(226)
Total fixtures and fittings	<u>261</u>	<u>263</u>
Computer equipment		
At cost (deemed fair value)	1,274	1,274
Less: Accumulated depreciation	(1,196)	(1,137)
Total computer equipment	<u>78</u>	<u>137</u>
Works of art		
At cost (deemed fair value)	711	711
Total works of art	<u>711</u>	<u>711</u>
Capital works in progress		
Capital works in progress	1,368	682
Total capital works in progress	<u>1,368</u>	<u>682</u>
Total property, plant and equipment	<u><u>2,427</u></u>	<u><u>1,807</u></u>

House of Assembly

Financial Statements

Property, plant and equipment with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the House of Assembly's approach to fair value is set out in note 11.2.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation 2019-20

	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Works of art \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July	14	263	137	711	682	1,807
Additions	-	23	-	-	1,419	1,442
Assets provided for nil consideration	-	-	-	-	(733)	(733)
Depreciation	(4)	(25)	(59)	-	-	(88)
Other	(1)	-	-	-	-	(1)
Carrying amount at 30 June	<u>9</u>	<u>261</u>	<u>78</u>	<u>711</u>	<u>1,368</u>	<u>2,427</u>

Reconciliation 2018-19

	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Works of art \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July	19	286	184	669	80	1,238
Additions	-	-	16	42	1,178	1,236
Assets provided for nil consideration	-	-	-	-	(576)	(576)
Depreciation	(6)	(24)	(63)	-	-	(93)
Other	1	1	-	-	-	2
Carrying amount at 30 June	<u>14</u>	<u>263</u>	<u>137</u>	<u>711</u>	<u>682</u>	<u>1,807</u>

6. Financial assets

6.1 Cash and cash equivalents

	2020 \$'000	2019 \$'000
Deposits with the Treasurer (Special deposit accounts)		
Accrual Appropriation Excess Funds	3,265	2,738
Total deposits with the Treasurer (Special deposit accounts)	<u>3,265</u>	<u>2,738</u>
Cash held with the Joint Parliamentary Service	1,757	2,959
Total cash and cash equivalents	<u>5,022</u>	<u>5,697</u>

House of Assembly

Financial Statements

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Although the House of Assembly controls the money reported above in the Accrual Appropriation Excess Funds Account, its use must be approved by the Treasurer. The House of Assembly does not earn interest on its deposits with the Treasurer.

6.2 Receivables	2020	2019
	\$'000	\$'000
Receivables	5	5
Prepayments	114	82
Other	4	1
Total current receivables	123	88

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

The House of Assembly does not hold any receivables arising from contracts with customers, as specified in *AASB 15 - Revenue from Contracts with Customers*.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables	2020	2019
	\$'000	\$'000
Current		
Creditors	21	26
Accrued expenses	125	150
Employment on-costs	56	57
Total current payables	202	233
Non-current		
Employment on-costs	97	95
Total non-current payables	97	95
Total payables	299	328

House of Assembly

Financial Statements

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The House of Assembly contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

7.2 Provisions	2020	2019
	\$'000	\$'000
Current		
Provision for workers compensation	5	5
Total current provisions	<u>5</u>	<u>5</u>
Non current		
Provision for workers compensation	10	7
Total non-current provisions	<u>10</u>	<u>7</u>
Total provisions	<u><u>15</u></u>	<u><u>12</u></u>
Provision movement		
Carrying amount at 1 July	12	13
Additional provisions recognised	9	15
Reductions arising from payments	6	16
Carrying amount at 30 June	<u><u>15</u></u>	<u><u>12</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The House of Assembly is responsible for the payment of workers compensation claims.

8. Other disclosures

8.1 Equity

The asset revaluation surplus is to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

House of Assembly

Financial Statements

8.2 Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

<i>Cash flow reconciliation</i>	2020	2019
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	5,022	5,697
Balance as per the Statement of Cash Flows	5,022	5,697
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by operating activities	767	2,225
Add/less non-cash items		
Depreciation expense of non-current assets	(88)	(93)
Assets provided for significantly less value to the Joint Parliamentary Service	(733)	(576)
Movements in assets and liabilities		
Increase in receivables	35	7
Decrease/(increase) in payables	30	(64)
Decrease/(increase) in employee benefits	32	(244)
Decrease in provisions	(3)	-
Net result	40	1,255

9. Changes in accounting policy

9.1 AASB16 Leases

At the time of preparation of the 2018-19 financial report, the House of Assembly had elected to adopt AASB 16 – *Leases* from 1 July 2019. Subsequently, recognition changes were imposed on lease arrangements that had been entered into by the House of Assembly.

The House of Assembly has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117.

Commitments related to accommodation services provided by DPTI are included in Note 10.1.

9.2 Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

House of Assembly

Financial Statements

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

10. Outlook

10.1 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

<i>Operating expense commitments</i>	2020	2019
	\$'000	\$'000
Commitments in relation to arrangements contracted at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	143	127
Later than one year but no longer than five years	62	189
Total operating expense commitments	205	316

The House of Assembly's commitment is for office accommodation. The arrangement is cancellable with a term remaining of 17 months. Rent is payable in arrears.

10.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The House of Assembly is not aware of any contingent assets or liabilities.

11. Measurement and risk

11.1 Long service leave liability – measurement

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

House of Assembly

Financial Statements

The net financial effect of the changes to actuarial assumptions in the current financial year is an decrease in the long service leave liability of \$56,000 and employee benefits expense of \$56,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance has revised the salary inflation rate down to 2.5% (2019 4%) for long service leave liability.

The conditional portion of long service leave relates to employees with less than ten years' service.

11.2 Fair value

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Finance Officer each year.

Revaluation is undertaken on a regular cycle. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

11.3 Financial instruments

Financial risk management

Risk management is managed by the House of Assembly's executive management and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The House of Assembly is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

House of Assembly

Financial Statements

Liquidity risk

The House of Assembly is funded principally from appropriation by the SA Government. The House of Assembly works with the Department of Treasury and Finance to determine the cash flows required for the parliamentary process and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The House of Assembly measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying Amount/ Fair Value \$'000	2019 Carrying Amount/ Fair Value \$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents	6.1	5,022	5,697
Financial assets at amortised cost			
Receivables	6.2	9	2
Total financial assets		5,031	5,699
Financial liabilities			
Financial liabilities at amortised cost			
Payables	7.1	102	120
Total financial liabilities		102	120

House of Assembly

Financial Statements

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

House of Assembly

Financial Statements

Certification of the Financial Statements

We certify that the attached financial statements of the House of Assembly:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the House of Assembly; and
- presents a true and fair view of the financial position of the House of Assembly as at 30 June 2020 and the result of its operations and cash flows for the financial year.

We certify that the internal controls employed by the House of Assembly for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Clerk
House of Assembly

10 / 9 / 2020



Chief Finance Officer
Joint Parliamentary Service

10 / 9 / 2020